

Office of the Governor

April 17, 2006

Big Horn County Commission
420 C St
PO Box 31
Basin, WY 82410

RE: Requesting a Drought Abatement Declaration as it Pertains to Eligibility
for the Breeding Stock Replacement Loan Program

Dear Board of County Commissioners:

This letter outlines the process to request a drought abatement declaration for purposes of the breeding stock replacement loan program, administered by the State Loan and Investment Board.

The breeding stock loan program was adopted by the 2003 Wyoming Legislature as a means of providing low interest loans to those operators forced to sell livestock during drought years when forage was in limited supply. The controlling statutory language regarding this new loan program is provided as an attachment to this letter.

As the statutory language notes, initiation of this loan program is dependent on the governor having declared the existence of drought conditions in an individual county for not less than the two immediately preceding years. Based on the persistent drought that has plagued Wyoming since 2002, I have declared drought conditions to have existed statewide since 2002 for purposes of the statute.

In order for the breeding stock loan program to become active in your county, the statute requires the Governor to make a declaration that "drought conditions have abated." Because conditions on the ground vary from county to county, I ask that you, in your formal capacity as County Commissioners, submit a written request for a governor's declaration that drought has abated in an individual county if you determine that you wish to participate in the breeding stock loan program. The County Commissioners' request must be accompanied by evidence regarding your county's recovery from drought conditions. Evidence can consist of a formal resolution signed by all County Commissioners, similar to those submitted in the past accompanying a petition for federal drought designation. Upon receipt of your request, producers in your county will become eligible to apply for a breeding stock replacement loan.

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Please be aware that the breeding stock replacement loan program contains a finite amount of money available for loans (\$50 million). Each loan request is limited to a maximum of \$200,000.00. It is conceivable that the total amount of loan funds could be exhausted by as few as 250 applicants. Therefore, I recommend that you submit your drought abatement request as soon as possible to allow your county's producers with adequate opportunity to apply for loan funds.

All drought abatement declarations pertain to this state loan program only and do not affect your ability to petition my office for U.S.D.A. drought disaster assistance in the future. However, upon any petition for a drought disaster declaration for your county, livestock producers in your county will no longer be eligible to apply for the breeding stock replacement loan program until such time as the statutory requirements are once again met, assuming that loan funds continue to be available.

As mentioned, the loan program will be administered by the Office of State Lands and Investments for ultimate review and lending decisions by the State Loan and Investment Board. I understand that the same application used for farm loans will be used for application to the breeding stock replacement loan program. More information regarding the current loan terms and conditions can be obtained through the Office of State Lands and Investments, Mr. Fred Pannell (307-777-6635) or through the Department of Agriculture, Mr. Grant Stumbough (307-777-6579).

It is my hope that the funding support offered by this program will help livestock producers regain their financial footing as quickly as possible, alleviating to some extent the hardships they have experienced during the protracted drought conditions of the last several years.

If you have questions about the drought abatement declaration process please contact Paige Smith in the State Planning Office at 307-777-2859.

Best regards,

A handwritten signature in black ink, appearing to read "Dave Freudenthal", with a stylized flourish at the end.

Dave Freudenthal
Governor

DF:PS:pjb

Attachment: Controlling statutory language

c: w/attachment: John Etchepare
Lynne Boomgaarden

Controlling Language from
State Loan and Investment Board Statutes

W.S. 11-34-113. Terms and conditions of loans.

*(h) If the **governor has declared drought condition** to have existed in individual counties for not less than the two (2) immediately preceding years, and if the **governor declares that the conditions have abated**, the board shall execute a program within thirty (30) days following the governor's declaration of drought abatement to loan agricultural producers monies to defray the costs of purchasing replacement breeding stock. However, the state shall not participate in loans for the purchase of replacement breeding stock as provided in this act that are initiated more than two (2) years following the governor's declaration of drought abatement. The board shall promulgate rules and regulations to implement this program.*